

AMENDED IN SENATE JUNE 25, 2003

AMENDED IN ASSEMBLY JUNE 3, 2003

AMENDED IN ASSEMBLY APRIL 3, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1191

Introduced by Assembly Member Wiggins

February 21, 2003

An act to amend Section 678 of, and to add Chapter 11.5 (commencing with Section 679.9) to Part 1 of, Division 1 of, the Insurance Code, relating to property insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1191, as amended, Wiggins. Property insurance: rates: disclosure.

Existing law generally regulates the insurance industry. Existing law requires an insurer under certain property insurance policies to deliver to an insured, within a specified period prior to policy expiration, an offer of renewal or a notice of nonrenewal, as specified.

This bill would require an insurer under these property insurance policies, in addition, to inform an insured *in writing* of (1) any increase or decrease in an annual premium as compared to the previous year, (2) the reasons for the change, and (3) specified telephone numbers and information regarding consumer complaints.

This bill would provide that its provisions would not become operative until March 1, 2004.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 678 of the Insurance Code is amended to read:

678. (a) At least 45 days prior to policy expiration, an insurer shall deliver to the named insured or mail to the named insured at the address shown in the policy, either of the following:

(1) An offer of renewal of the policy contingent upon payment of premium as stated in the offer, stating each of the following:

(A) Any reduction of limits or elimination of coverage.

(B) The telephone number of the insurer's representatives who handle consumer inquiries or complaints. The telephone number shall be displayed prominently in a font size consistent with the other text of the renewal offer.

(2) A notice of nonrenewal of the policy. That notice shall contain each of the following:

(A) The reason or reasons for the nonrenewal.

(B) The telephone number of the insurer's representatives who handle consumer inquiries or complaints. The telephone number shall be displayed prominently in a font size consistent with the other text of the notice of nonrenewal.

(C) A brief statement indicating that if the consumer has contacted the insurer to discuss the nonrenewal and remains unsatisfied, he or she may have the matter reviewed by the department. The statement shall include the telephone number of the unit within the department that responds to consumer inquiries and complaints.

(b) In the event an insurer fails to give the named insured either an offer of renewal or notice of nonrenewal as required by this section, the existing policy, with no change in its terms and conditions, shall remain in effect for 45 days from the date that either the offer to renew or the notice of nonrenewal is delivered or mailed to the named insured. A notice to this effect shall be provided by the insurer to the named insured with the policy or the notice of renewal or nonrenewal.

(c) Any policy written for a term of less than one year shall be considered as if written for a term of one year. Any policy written for a term longer than one year, or any policy with no fixed expiration date, shall be considered as if written for successive policy periods or terms of one year.

(d) This section applies only to policies of insurance specified in Section 675.

SEC. 2. Chapter 11.5 (commencing with Section 679.9) is added to Part 1 of Division 1 of the Insurance Code, to read:

CHAPTER 11.5. DISCLOSURE REQUIREMENTS FOR CERTAIN
PROPERTY INSURANCE

679.9. If an insurer changes the annual premium under a policy specified in Section 675, it shall, within 15 business days of a request by the insured, inform the insured *in writing* of each of the following:

(a) The amount of the premium increase or decrease in comparison to the premium charged in the previous year.

(b) The reason or reasons for the change, including, but not limited to, the deletion of a loss-free credit, the application of a claim-related surcharge, or any other reason related to a claim or policyholder inquiry.

(c) A brief statement indicating each of the following:

(1) That the consumer may contact *their agent or* the insurer with any additional questions regarding the premium and providing the telephone number for the insurer's representatives who are capable of responding, and authorized to respond, to consumer inquiries and complaints.

(2) That if the insured has contacted the insurer to discuss a premium increase and the insured remains unsatisfied, he or she may contact the department with any inquiries or complaints. The statement shall include the telephone number of the unit within the department that responds to consumer inquiries and complaints.

SEC. 3. *The provisions of this bill shall not become operative until March 1, 2004.*